

September 23, 2020

Hon. Marvin Abney
Chair, House Finance Committee
State House
Providence, RI 02903
Via email: cobrien@rilegislature.gov

RE: H 7171 Article 8—Relating to Taxes—Governor's Budget Amendment 14

Dear Chairman Abney:


I am writing on behalf of the Greater Providence Chamber of Commerce with concerns regarding Article 8 and the proposed amendments thereto, which would disallow the excess loss deduction in tax years 2018-2020 by adding that amount to RI taxable income and allow for 20% of the disallowed deduction to be taken each year, for tax years 2021 through 2025.

The Greater Providence Chamber of Commerce opposes this amendment for several reasons. The Federal Government allowed the excess loss deduction for tax years 2018-2020 to help businesses, particularly small businesses, gain access to funds to help them during the COVID-19 pandemic. By disallowing this deduction at the state level, Rhode Island would be increasing the tax burden on Rhode Island small businesses when they can least afford the increase. While the amendment proposes that the deduction be spread over tax years 2021 through 2025, businesses that are in need of funds to remain a going concern will be harmed in the immediate term by this change.

In addition, in order to take advantage of the Federal tax change, Rhode Island businesses had to amend their already filed 2018 tax returns. Enacting this proposed budget amendment would require a third filing of 2018 returns as well as an amendment to their 2019 tax returns, assuming this amendment passes after October 15, 2020. Amending tax returns also comes at a cost for most Rhode Island businesses since they have to pay tax professionals to complete and file those amendments.

As always, thank you for considering the Greater Providence Chamber of Commerce's input on this issue.

Very truly yours,



Elizabeth A. Suever